

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
Tori Hunthausen,
Chief Deputy Legislative Auditor



EXHIBIT 4
DATE 2-23-07
HB 339

Deputy Legislative Auditors:
James Gillett
Angie Grove

February 15, 2007

Representative Veronica Small-Eastman
Montana House of Representatives
PO Box 200400
Helena MT 59620-0400

Dear Representative Small-Eastman:

We have identified additional information related to funding options for purchasing child safety seats. This information relates to activities conducted by California and Virginia to fund similar programs. We have also included information related to procedural changes being implemented by the Montana Department of Justice and concerns raised by the National Highway Traffic Safety Administration regarding the use of fines to support child safety seat purchases.

If you would like further assistance or have questions regarding the information provided, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to be "Scott A. Seacat", written over a horizontal line.

Scott A. Seacat
Legislative Auditor

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Enclosure

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MEMORANDUM

TO: Scott Seacat, Legislative Auditor
FROM: Steve Erb, Senior Performance Auditor
SUBJECT: Update to Legislative Request 07L-2466B, alternative funding for the purchase of child safety seats.
DATE: February 15, 2007
RE: W:\DATA\LEG\InfoReq\07L-2466_se-mem.doc
W:\DATA\LEG\InfoReq\07L-2466_se-vsmalleastman-ltr.doc

Additional information has been identified, since our original response that could be useful in responding to this legislative request.

Virginia Funds Purchasing Child Safety Seats

The original response stated Oregon permitted counties to divert fines collected from failure to properly use seat belts and child safety seats citations to purchase child safety seats. Virginia also permits this diversion of funds to purchase child safety seats, but has taken the added step of codifying the practice and funds a special revenue fund with the fines collected from citations issued for failing to properly restrain a child. The funds collected are available to the Virginia Department of Health for the purchase of child safety seats.

The special revenue fund receives its funds from a \$50 fine assessed each time a citation is issued for failing to properly restrain a child in a vehicle. The Virginia Department of Health estimates it will receive \$18,000 in 2007 for purchasing child safety seats. This funding stream has been able to purchase 1,000-2,000 child safety seats per year. Eligible families can receive two child safety seats after completing a parent education course.

Child safety seats purchased with state funds are only available to Medicaid eligible families and no funding is provided for educating families on car seat use. However, because the families are Medicaid eligible, Medicaid rules allow parent education providers to be reimbursed \$6.00 for each family receiving child safety seat training. Virginia has also received \$58,000 in grants from the National Highway Traffic Safety Administration (NHTSA) for establishing installation stations and parent education programs.

Virginia also receives support for its child safety seat programs through the Safe Kids Coalition. Safe Kids sponsors a vanity plate issued through the Virginia Department of Motor Vehicles and proceeds from sales of that vanity plate support parent education and child safety seat inspection stations throughout the state.

California Supports Child Safety Seat Purchases Through the Sale of Vanity License Plates

California receives more than \$4 million annually from the sale of motor vehicle vanity plates. These funds are split between three activities with nearly \$1.4 million distributed for injury prevention activities. These funds are used to provide grants to schools, public safety organizations (police and fire departments), and approved 501(C)3 non-profit organizations for purchasing child safety seats and bicycle helmets. Grants are awarded to institutions after completion of a competitive selection process designed to ensure organizations with the most effective process for providing services are selected.

San Diego State University manages the funds collected from these vanity plate sales and awards all competitive grants. The university has also participated in an aggressive marketing campaign to encourage vehicle owners to purchase these vanity plates. The vanity plates are currently the second most successful selling license plates in California.

New Processes Being Implemented at the Montana Department of Justice

In Montana, the Department of Justice (DOJ) is in the process of implementing a new software program that should automate the distribution of fees collected through the motor vehicle registration process. The Montana Enhanced Registration and Licensing Information Network (MERLIN) is designed to streamline the collection of driver and vehicle registration information. MERLIN also includes an accounting function that automatically identifies how collected fees are to be distributed. According to DOJ officials, once vehicle registration modules of MERLIN are implemented in September 2007, county officials will not experience any additional work by imposing an additional \$0.50 fee for purchasing child safety seats on vehicle registrations, particularly if this fee is added to the standard registration fee already in place. Separation of the child safety seat fee from the rest of the vehicle registration fee will be accomplished by DOJ.

Discussion with NHTSA

Officials at NHTSA's regional office in Denver indicated that the imposition of an additional vehicle registration fee to support a child safety seat purchasing program would be more effective than diverting citation fines for three primary reasons.

- First, imposition of a vehicle registration fee would spread the cost of the program over all users of the public road system and would generate significantly more funds than a citation based funding process.
- Second, a system funded by fines collected from citations could be subject to concerns of profiling and targeted enforcement of certain ethnic and cultural groups that traditionally have a low use of seat belts and child safety seats. Funding child safety seat purchases through registration fees would eliminate this concern.
- Third, a funding mechanism based on fines collected from citations for failure to use seat belts will likely result in reduced revenues over time as more drivers accept seat belt use and education programs become more effective at targeting groups with low seat belt or child safety seat usage.